

**State Employee Benefits Committee
Tatnall Building, Room 112
Dover, Delaware 19904**

The State Employee Benefits Committee met August 20, 2018. The following people were in attendance:

Committee Members:

Mike Jackson, OMB, Chair
Bethany Hall-Long, Lt. Governor
Saundra Johnson, DHR
Molly Magarik, Designee of DHSS
Mike Morton, CGO
Trinidad Navarro, DOI
Evelyn Nestlerode, Designee of Chief Justice, Administrator of Courts
Ken Simpler, OST
Jeff Taschner, DSEA

Guests (continued):

Tina Hession, PHRST
Lisa Jaremka, Univ of DE
Kimberly Jarrell, DHSS
Elizabeth Lewis, Hamilton Goodman Partners
Mary Kate McLaughlin, Drinker Biddle
Michael Petrucci
Paula Roy, DCSN
George Schreppler, DCSN
Jim Testerman, DSEA-R
Ashley Wilson

Guests:

Brenda Lakeman, Director, Statewide Benefits Office (SBO), DHR
Faith Rentz, Deputy Director, SBO, DHR
Lisa Porter, SBO, DHR
Andrew Kerber, DOJ
Jennifer Bredemeier, Univ of DE
Victoria Brennan, CGO
Steven Costantino, DHSS
David Craik, Pension Office
Cherie Dodge-Biron, DHR
Jamesha Eaddy, City of Milford
Jacqueline Faulcon, DRSPA
Joanne Fletcher
Sandra Fletcher Miller

Julie Caynor, Aetna
Carrie Schiavo, Delta Dental
Judy Grant, Health Advocate
Lisa Mantegna, Highmark
Jennifer Mossman, Highmark
Pam Price, Highmark
Walt Mateja, IBM Watson Health
Kevin Fyock, Willis Towers Watson
Chris Giovannello, Willis Towers Watson
Jaclyn Iglesias, Willis Towers Watson
Rebecca Warnken, Willis Towers Watson

Introductions/Sign In

Director Jackson called the meeting to order at 2:00 p.m. Introductions were made.

Approval of Minutes - handout

The Director entertained a motion to approve the minutes from the July 23rd SEBC meeting. Controller General Morton made the motion to approve. Secretary Johnson seconded the motion. The motion carried unanimously.

Director's Report – Brenda Lakeman, Statewide Benefits Office (SBO), DHR

2018 Open Enrollment (OE) Survey Results: Show 4,360 employees completed the survey with 54% from State Agencies and 46% from DOE, K12, and DTCC & DSU. 96% of participants used Employee Self Service to update/make edits to their benefits or selected no changes. 89% of participants stated they did not change their health plans. For the 11% that changed plans, key reasons cited were no referrals required, affordability of OOP and premium costs, network doctors and the ability to seek care out-of-network, and best matched plan from MyBenefitsMentor. SBO Open Enrollment communications were rated good to excellent, easy to understand, found website information easy to find yet requested less clicking. Participants polled for interest in a plan including a Health Savings Account resulted in 16% in favor, 42% no interest and 43% maybe.

Supplemental ID Cards: These cards were mailed to those enrolled in health benefits to keep with their Aetna or Highmark card as a reminder of site of care copays and Centers of Excellence to help determine where to get services.

Primary Care Provider Attribution: SBO produced report from July 1, 2017 to March 31, 2018 using the provider with highest evaluation and management visits for a total of 89.6%; this includes providers for family practice, geriatric, internal medicine, nurse practitioner, OB/GYN, osteopathic, pediatrician, Physician's Assistant and preventive.

HIPAA Training: This is required every two years for State employees involved with Protected Health information (PHI) which includes HR/Benefits personnel, managers and supervisors. Training was last issued two years ago. The course has been revised and reissued to individuals identified as working with PHI..

Governor's Cup 5K Run/Walk: This free event is scheduled for Tuesday, October 2, 2018 with rain date of Wednesday, October 3rd exclusively for State of Delaware employees, pensioners, and faculty and staff from all public school districts and charter schools. Communication to begin in coming weeks.

Group Health Financials – handout(s)

Ms. Warnken shared that a claim reporting issue was resolved involving an April 2017 Express Scripts (ESI) invoice that was double reported in two separate quarters. This was not a double payment. This accounted for the 2017 paid claims to be overstated by \$9M. The FY18 Qtr4 Financials to be presented today have been adjusted accordingly.

Fund Equity Report – (F&E) July 2018 - Chris Giovannello, WTW

July shows operating revenues at \$73M and claims at \$75.1M resulting in a monthly deficit of \$1.9M, reducing the F&E balance to \$149.9M. There was a slight increase in the reserve to \$88.6M, leaving a variance of \$64.3M.

FY18 Q4 Financials

This report shows Summary Plan Information for FY18 Q1-Q4 compared to FY17 Q1-Q4. WTW shared that all information in this report is accurate including the FY17 data. A revised FY17 Q4 report will be re-issued to the SEBC and will align with the FY17 data being presented today. Total program cost for FY18 (Q1-Q4) is \$765.5M versus \$753.9M for FY17 (Q1-Q4). Total cost PMPM shows a total increase of 1.3% and a 4.4% increase for RX in FY18. The FY18 Q4 reporting reconciliation (WTW vs. OMB Fund Equity Report) shows \$19M received for catastrophic reinsurance and includes the CY16 full reinsurance reconciliation payment. Total cost as percent of Budget shows WTW at 94% versus F&E at 95%. It was noted that a correction was needed to the column heading of the reporting reconciliation to June 2018 for the Fund Equity. Ms. Rentz added that this information was provided early to help with the FY20 decision process as it is usually not submitted until September.

FY19 Budget Revision

This version of the FY19 Budget reflects changes from the version presented during the July 23rd SEBC meeting to include updated claims experience through June 2018, updated 2019 EGWP funding projections as provided by ESI, additional cost impact of passed legislation and participating group fees. The Express Scripts line item is overstated and will reduce the budget by \$4M. It is noted that the State issued the correct payment to ESI; the error discovered was within the reporting. A revised FY19 monthly budget will be presented at the next meeting for approval.

SB139 – Infertility Coverage – Adoption Discussion – handout - Brenda Lakeman, SBO

An overview of this bill was provided along with the current GHIP coverage. Statistics were shown for infertility, birth and prescription costs for FY15 through FY18. SBO to provide data for all IVF births. Changes to the current coverage with SB 139 were explained. The committee can select all or a few of the items to change the current coverage. Medical estimates of \$5.25M to cover all changes to current coverage while Prescription estimates are \$1.45M for removing limits and changing cost share. Total cost to adopt SB 139 is \$6.7M. Ms. Magarik shared Dr. Walker's concerns which include up to 45 years of age for retrieval, medical safety for the mother, concerns around a suggestion of single embryo transfer and permissible limitations on clinical guidelines from Obstetrics for guidelines adopted into the GHIP to drive determination from a single embryo transfer. It was suggested it would be helpful to see how the different pieces of the changes to the current coverage roll up into the total additional cost of medical and prescription. Mr. Kerber added that a deep dive into SB 139 would be an appropriate opportunity for the proposed sub-committees (financial and medical).

SEBC Subcommittee Discussion – handout – Faith Rentz, SBO

Director Jackson commented these subcommittees will assist the SEBC on decision making and adopting policies. Ms. Rentz presented the SEBC structure for the Financial and Health Policy & Planning subcommittees. Dialogue occurred with concern relating to “f and g” regarding designees as shown in the Resolution. SBO will meet with AG to revisit the subcommittee structure.

GHIP Planning – HSA Plan Option – handout – Kevin Fyock, WTW

A quick review of the advantages of a Health Savings Account (HSA) plan for current and former employees was conducted. Future decision points include first whether to offer a HSA plan, move FSA from calendar year to plan year, eliminate existing CDH Gold plan and how unused HRA funds are to be accessed, finalize the HSA plan design, determine the administrators, and develop and approve premium rates for HSA plan. An outline of these main decision points were portrayed showing significant effort needed by SBO on the implementation of this plan for FY2020. The IRS determines qualified items for HSA.

Ms. Nestlerode shared comments from the Chief Justice stating the Judicial Branch is not supportive of a HSA plan option at this time as significant concerns exist with issues such as deductibles, premiums, stagnated salaries of state employees and potential cost shifts. Young employees may not be able to afford the risk involved with a HSA compared to higher paid employees. The HSA plan be more administratively burdensome and the Judicial Branch does not feel this is an efficient use of time and resources. The Judicial Branch is unlikely to support a HSA plan option, but will continue to review proposals with more detail as developed.

Additional dialogue included to have the HSA plan set up as a potential employee perk and not as a mandate to better align our plan. The recommendation to the SEBC is to move forward with the adoption of a HSA plan effective July 1, 2020 (FY21) with the other decision points to be determined over the coming months.

Centers of Excellence Request for Proposal Discussion – handout – Jaclyn Iglesias, WTW

A recap of the considerations, background and summary of the request for proposal (RFP) process was conducted. The bidder capabilities were reviewed for both SurgeryPlus and BridgeHealth. The Proposal Review Committee (PRC) recommends to implement a carve-out COE program for the GHIP based on the capabilities of either COE Vendor to offer enhanced services beyond the current capabilities of the GHIP medical carriers. Review of current plan designs and incentives to maximize use of COEs for all procedures covered by the GHIP. The PRC recommends to award a contract for COE administration to SurgeryPlus for an effective date no earlier than July 1, 2019 based on the key differences in the proposals. SEBC to continue evaluating these considerations with their PRC member. SEBC to vote at the September 24th SEBC meeting on the PRC recommendation with respect to the award of contract.

Dialogue occurred with suggestions to hear from the Third Party Administrators (TPAs) on integration, the level of transparency and where the marketplace stands. This may be another option for existing providers to accept bundled payments, move providers in that direction and assure employees they have this VIP experience with providers. Director Jackson indicated that any feedback should be directed to SBO.

Other Business

Secretary Johnson announced that Ms. Lakeman has one more SEBC meeting to attend before her retirement and to be on the lookout for celebration invite.

Public Comments

Lisa Jaremka, Professor, Univ of Delaware, shared she is here with a group of other state employees and spouses who support the adoption of SB 139 with four letters from those who could not attend today along with the petition previously shared at July's meeting where signatures have doubled. Infertility is very emotional and stressful and may lead to depression as personal research shows negative health effects and risk factors. The idea to expand this coverage to employees will improve mental health, decrease risk factors, will help eliminate stress and have more productive employees. One last item to highlight is there has been a variety of studies showing the tax revenues brought in by children born by IVF.

Kimberly Jarrell shared her personal experience and commented if the adoption of this benefit positively impacts one fellow employee to help achieve the life they can only dream of right now, it will be worth the financial impact.

Mike Petrucci shared his personal experience. Current financial means may prevent further treatment. Going through such an experience not only brings a couple closer together and makes them stronger, yet constantly reminded of this battle. He is here to ask for the help of the SEBC to consider adopting SB 139.

Nancie Robinson read letters from people could not attend. Some of the comments included:

- A significant challenge of infertility can be overcome by IVF treatments. Thanks to the landmark event of signing into law SB 139 that requires health insurance companies in Delaware to cover IVF treatments as people will now have improved access to IVF treatment. Employees should not be excluded from this insurance coverage due to where they work. Urged to adopt SB 139.
- In terms of the state economy attracting young workers which drives the state's growth, the loss of young employees and residences is risked if they seek treatment elsewhere. Adoption of SB 139 and its policies ensures Delaware will be at an advantage to draw in intelligent young workers.
- Advocating for adoption of SB 139 for all employees and for fertility preservation for people diagnosed with cancer or other diseases. This will be life changing. Was pleased SB 139 was passed but also disappointed that SB 139 did not apply to state employees. Encouraged the Committee to adopt SB 139 so the state employees have the same benefits as other people that work in Delaware.

Rosalie Morales shared she has been a state employee for 17 years in the child welfare field and has dedicated her career to protecting children. A few years ago, she was told that we needed to seek IVF treatment. The 25% coinsurance was a significant impact. She strongly urged the Committee to pass SB 139 for state employees.

Kate Kleinot commented she is present on her own to advocate for SB 139. She gave birth to a three year old son through IVF. Asked the Committee to please support SB 139 to give state employees the same opportunity as others in Delaware now have.

Steve Pulinka, Father of Kate Kleinot, shared he is the proud grandfather of a successful IVF effort. Yet finds this troubling that SB 139 is offered to others that are not state employees. This puts the State at a disadvantage to attract and retain employees.

Motion

Director Jackson requested a motion to approve to move forward on the recommendations as presented for the HSA Plan Option. Secretary Johnson made the motion. Ms. Magarik seconded the motion. Ms. Nestlerode opposed. The motion carried.

The Director stated the next agenda item for Executive Session will be delayed until the next meeting. SBO will provide more details on the assumptions with the case scenarios for IVF spend and the percentage or scale of self-insured employers receiving this benefit or their process, as SB 139 excludes all self-insured employers, not just the State of Delaware.

Motion

Director Jackson asked for a motion to adjourn the meeting. Treasurer Simpler made the motion and it was seconded by the Commissioner Navarro. The motion carried unanimously. Meeting adjourned at 4:16 p.m.

Respectfully submitted,

Lisa Porter
Executive Secretary
Statewide Benefits Office, DHR